



A Shared Initiative, Inc.
3401 St. Claude Avenue
New Orleans, LA 70117

October 25, 2011

Louisiana State Legislative Office
Mr. Daryl Purpera CPA, CFE
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera,

A Shared Initiative Inc. wishes to submit a revised audit from the accounting firm Postlethwaite and Netterville, as of and for the year ended December 31, 2010.

Our organization participated in the state's Small Business Recovery and Loan Program post Katrina. As a result, we now operate a small revolving loan fund of approximately \$4.5MM which is used to provide capital to disadvantaged small businesses.

A program auditor affiliated with the Business Recovery Loan and Grant Program with the State of Louisiana Office of Economic Development advised us in July 2011 that some program funding (repaid principal and interest) which had been classified by our audit firm as liability, should instead be classified as income (reimbursement of general and administrative expenses) based on program guidelines. Additional communications with the program management from the state led us to conclude that our administrative allocation, self-funded by the program, had been underfunded since program inception. We provided the required documentation to the State of Louisiana Office of Economic Development. We proposed adjusting journal entries that were significant to our financial statements to our external auditors to be included in the revised audit report.

Please review the attached revised audit report and do not hesitate to contact me should you require additional information.

Regards,

Mignhon Tourne'
CEO

A Shared Initiative, Inc.
(504) 733-1733

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 02 2011

REISSUE

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2010



Postlethwaite
& Netterville

A Professional Accounting Corporation

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A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2010

TABLE OF CONTENTS

	Page
<u>INDEPENDENT AUDITORS' REPORT</u>	1
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	2
Statements of Activities and Change in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5
<u>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards</u>	10-11



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers of
A Shared Initiative, Inc.
Harahan, Louisiana:

We have audited the accompanying statements of financial position of A Shared Initiative, Inc. (a non-profit organization) ("ASII") as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ASII's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A Shared Initiative, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2011 on our consideration of the ASII's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

As discussed in Note 7, the 2010 financial statements have been restated to correct a material misstatement.

Metairie, Louisiana

July 12, 2011 (except as to Note 7, which is as of October 25, 2011)

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets		
Cash and cash equivalents	\$ 55,007	\$ 52,123
Cash and cash equivalents, restricted	1,597,867	-
Due from related party	-	20,330
Loans receivable, restricted	227,487	-
Total current assets	<u>1,880,361</u>	<u>72,453</u>
 Premises and equipment - net	 <u>876,449</u>	 <u>906,727</u>
 Total assets	 <u>\$ 2,756,810</u>	 <u>\$ 979,180</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	142,911	119,679
Other current liabilities	1,672	6,228
Current maturities of long-term debt	7,353	6,874
Refundable advance	1,825,354	-
Total current liabilities	<u>1,977,290</u>	<u>132,781</u>
 Long-term debt less current maturities	 <u>182,177</u>	 <u>189,665</u>
 Total liabilities	 <u>2,159,467</u>	 <u>322,446</u>
 Net assets		
Unrestricted net assets	<u>597,343</u>	<u>656,734</u>
Total net assets	<u>597,343</u>	<u>656,734</u>
 Total liabilities and net assets	 <u>\$ 2,756,810</u>	 <u>\$ 979,180</u>

The accompanying notes are an integral part of these financial statements.

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Support and revenue:		
Contributions and grants	\$ 77,376	\$ 106,055
Homebuyer education class	1,583	700
Interest income	12,470	51
Miscellaneous	3,286	1,339
Rental income	23,856	5,931
Revolving Capital Fund fee income	70,168	-
Total support and revenue	<u>188,739</u>	<u>114,076</u>
Expenses:		
Advertising	-	567
Convention and meeting expense	2,640	150
Depreciation	33,626	21,446
Donation	545	290
Dues	-	205
Fundraising expense	5,278	-
Grant and contract expense	-	3,306
Insurance - nonemployee	2,000	6,479
Interest	13,079	9,104
Miscellaneous	2,706	3,829
Postage and delivery	106	21
Professional service fees	20,008	10,804
Property maintenance	7,709	6,623
Salaries and related expenses	128,897	16,645
Supplies and materials	9,135	14,733
Travel	248	3,483
Utilities	22,153	8,425
Total expenses	<u>248,130</u>	<u>106,110</u>
Change in net assets	<u>(59,391)</u>	<u>7,966</u>
Net assets at beginning of year	<u>656,734</u>	<u>648,768</u>
Net assets at end of year	<u>\$ 597,343</u>	<u>\$ 656,734</u>

The accompanying notes are an integral part of these financial statements.

A SHARED INITIATIVE, INC.
HARRAHAN, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (59,391)	\$ 7,966
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,626	21,446
Changes in operating assets and liabilities:		
(Increase) decrease in due from related party	20,330	(20,330)
Increase in loans receivable	(227,487)	-
Increase in accounts payable	23,232	86,359
Increase in other refundable advance	1,825,354	-
Increase (decrease) in other current liabilities	(4,556)	6,228
Net cash provided by operating activities	<u>1,611,108</u>	<u>101,669</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Capital expenditures	(3,348)	(182,361)
Net cash used in investing activities	<u>(3,348)</u>	<u>(182,361)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on notes payable	(7,009)	(6,446)
Net cash used in financing activities	<u>(7,009)</u>	<u>(6,446)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,600,751</u>	<u>(87,138)</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>52,123</u>	<u>139,261</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 1,652,874</u>	<u>\$ 52,123</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid for interest, net of amounts capitalized	<u>\$ 13,079</u>	<u>\$ 9,104</u>
<u>CASH AND CASH EQUIVALENTS AS PRESENTED ON THE STATEMENTS OF FINANCIAL POSITION</u>		
Cash and cash equivalents, unrestricted	\$ 55,007	\$ 52,123
Cash and cash equivalents, restricted	1,597,867	-
Cash and cash equivalents, total	<u>\$ 1,652,874</u>	<u>\$ 52,123</u>

The accompanying notes are an integral part of these financial statements.

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

History and Organization

A Shared Initiative, Inc. ("ASII") is a non-profit organization with a mission of aiding in the rebuilding efforts of families and communities in post-Katrina New Orleans. ASII was originally formed as the non-profit affiliate of ASI Federal Credit Union, a low-income designated Community Development Financial Institution (CDFI). The Credit Union's vision to eliminate poverty is augmented by the financial literacy, lending, and community development efforts of the nonprofit, which exists as a legally-separate 501(c)(3) entity.

Since its inception in 2005, ASII has implemented a HUD-certified homebuyer education, foreclosure prevention and credit counseling program. It has developed seven affordable homes in the Upper Ninth Ward, one of the most devastated areas after Hurricane Katrina. It works in partnership with the Credit Union to provide a matched-down payment assistance program to low-income first-time homebuyers and to run one of the city's largest Volunteer Income Tax Assistance (VITA) sites for income-qualified individuals.

Financial Statement Presentation

The financial statements of ASII are presented on the accrual basis of accounting. Financial presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-205, *Not for Profit Entities Presentation of Financial Statements*. Under ASC 958-205, ASII is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of ASII and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of ASII pursuant to those stipulations.

As of December 31, 2010 and 2009, ASII had only unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash demand deposits. Cash amounts of \$1,597,867 at December 31, 2010 are restricted for use in the Revolving Capital Fund.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over a useful life of 30 years (building) and 7 years (furniture and equipment). Depreciation expense for 2010 and 2009 is \$33,626 and \$21,446, respectively.

Construction in Progress

Construction in progress is recorded at acquisition or construction costs. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expenses as incurred. The community center's construction in progress was completed in early 2009. The community center offers free first-time homebuyer classes, one-on-one credit counseling, financial literacy education and other asset building services.

ASII also capitalizes interest charges from debt related to construction in progress. Included in construction in progress at December 2009 is capitalized interest of \$13,336.

Refundable advance

ASII has recorded the receipts from ASIFCU relating to the Revolving Capital Fund as a refundable advance at December 31, 2010.

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

ASII is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, ASII may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of ASII and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2010 or 2009.

ASII's tax returns for the years 2009, 2008, and 2007 remain open and subject to examination by taxing authorities.

2. Property and Equipment, net

Property and equipment at December 31, 2010 and 2009 consists of the following

	<u>2010</u>	<u>2009</u>
Building and improvements	\$ 915,888	\$ 912,540
Furniture and equipment	<u>15,633</u>	<u>15,633</u>
	931,521	928,173
Less: accumulated depreciation	<u>(55,072)</u>	<u>(21,446)</u>
Property and equipment, net	<u>\$ 876,449</u>	<u>\$ 906,727</u>

3. Long-Term Debt

On May 24, 2007, ASII entered into a note payable agreement with ASI Federal Credit Union (ASIFCU) in the amount of \$220,000. The note payable bears 6.75% simple interest rate per annum and is secured by the property and equipment. The maturity date for the note is May 24, 2026.

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Long-Term Debt (continued)

Maturities for long-term debt for the next five years and thereafter are:

2011	\$	7,353
2012		7,865
2013		8,412
2014		8,998
2015		9,625
Thereafter		147,278
	\$	<u>189,531</u>

4. Related Party Transactions

As discussed in Note 3, ASII entered into a note payable agreement with ASI Federal Credit Union (ASIFCU). ASII reimburses ASIFCU for management and support services provided by the Credit Union. Salaries and related expenses reimbursed to ASIFCU totaled \$128,897 and \$16,645 for the years ended December 31, 2010 and 2009, respectively.

At December 31, 2010 and 2009, included in accounts payable is \$116,352 and \$142,911, respectively, due to ASIFCU.

ASIFCU contributed \$70,000 to ASII which is included in contributions and grants on the statement of activities and change in net assets for the year ended December 31, 2009.

At December 31, 2010, cash and cash equivalents were maintained on deposit with ASIFCU.

5. Revolving Capital Fund

During the year ended December 31, 2010, ASIFCU transferred to ASII \$1,890,055 of grant funds to establish a Revolving Capital Fund. The transfer of funds was approved by the Louisiana Recovery Authority, the Louisiana Economic Development (LED) as well as the Boards of Directors of ASII and ASIFCU. ASII has an agreement with the LED which provides the requirements of the loan fund. Additions to the revolving loan fund during the year ended December 31, 2010 were \$5,467 of interest income from borrowers. At December 31, 2010, included in cash and cash equivalents are \$1,597,867 for the Revolving Capital Fund. During the year ended December 31, 2010 included on the statements of activities and changes in net assets is \$70,168 of administrative fees earned by ASII from the Revolving Capital Fund.

A SHARED INITIATIVE, INC.
HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 12, 2011, and determined that following item required disclosure.

Between January 1, 2011 and July 12, 2011, ASIFCU transferred an additional \$273,486 to ASII to fund the revolving loan fund.

7. Restatement

Certain errors in the previously issued financial statements resulted in an understatement of fee income from the Revolving Capital Fund during the year ended December 31, 2010. Accordingly, the financial statements as of and for the year ended December 31, 2010 have been restated as described below.

Net assets at December 31, 2010, as previously reported	\$ 532,872
Adjustment for increase in fee income	<u>64,471</u>
Net assets at December 31, 2010, as restated	<u>\$ 597,343</u>
Change in net assets for the year ended December 31, 2010, as previously reported	\$ (123,862)
Adjustment for increase in fee income	<u>64,471</u>
Change in net assets for the year ended December 31, 2010, as restated	<u>\$ (59,391)</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors and Officers of
A Shared Initiative, Inc.
Harahan, Louisiana:

We have audited the financial statements of A Shared Initiative, Inc. (ASII) as of and for the year ended December 31, 2010, and have issued our report thereon dated July 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the ASII's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ASII's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ASII's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ASII's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management of the ASII and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

Metairie, Louisiana

July 12, 2011